

## It Pays to Help Workers Buy a Home

**A slew of new programs offer employees the chance to purchase a house with company assistance. It's more than a nice gesture—it's a cost-saver, too**

By [James Warren](#) June 10, 2010

Maria Garza lives in a high-rise condo on Chicago's swish North Side. Virginia Johnson, a joiner-insulator for Northrop Grumman ([NOC](#)) Shipbuilding, loves her three-bedroom home in rural Hurley, Miss. Anne Kingston heads to her manager's job at a CVS pharmacy ([CVS](#)) in downtown Washington from a duplex in Temple Hills, Md. All three owe their homes to their employers—and not simply because they pay their salaries. Each company saw a low-cost, high-reward link between home ownership, proximity to the job, and a productive workforce.

Seems obvious, right? Help educate a worker about home ownership, counseling them on improving their credit if they've got problems. Steer them toward nearby, affordable neighborhoods with dependable public transit, perhaps improving the 'hood in the process. Assist with a down payment or closing costs, forgiving the de facto loan if they remain with the company for a certain period. It's a shrewd way to increase rank-and-file worker commitment at a modest price by supporting a significant moment in life: buying a home. "This is not about community relations. It's a business decision, and it's not expensive to administer," says Stephen Wing, director of Workforce Initiatives at Woonsocket (R.I.)-based CVS Caremark. Although he won't cite a cost figure, Wing insists that "this keeps people employed and helps in retention."

More than 100 CVS Caremark employees in Washington, Los Angeles, and Orange County, Calif., have bought homes through the program since it began in 2005. Not one has been through foreclosure or left the company. The typical CVS beneficiary earns between \$30,000 and \$50,000 and, after expressing interest to a manager, gets free counseling on home buying and credit at a CVS learning center staffed by a local faith-based organization. Reliance on churches isn't outsourcing, it's strategic; especially in big cities, many CVS employees don't trust banks and don't want the company to know much about their finances. They're encouraged to purchase homes within walking distance of the branch where they work or close to mass transit, and they receive a \$1,000 check at closing that can be used for moving, a new dishwasher, or anything the employee wants. Garza got \$8,000 from Loyola University, while Northrop Grumman's Johnson received a total of \$30,000 in company and state aid.

CVS will soon move its home ownership program to the south suburbs of Chicago, where benefits will be greater due to state assistance. Indeed, Chicago is the capital of employer-assisted housing. In 2000, the nonprofit Metropolitan Planning Council piloted a program with System Sensor, a maker of smoke detectors and sprinklers in upscale St. Charles, Ill., aimed at keeping workers within a closer radius of the plant. System Sensor offered free real estate and credit counseling and a \$5,000 down payment on a purchase. If a worker stayed with the company five years, the loan was forgiven. The nonprofit and its corporate partner, now a division of Honeywell International ([HON](#)), later convinced the state to implement incentives for employers; a \$5,000 state match for each home purchase and a tax credit of 50 cents on the dollar to employers on the down payment, counseling, and administration. Over 50 Illinois employers, including Charter One Bank, Rush University Medical Center, and the Chicago Public School system take advantage.

Most large companies offer relocation assistance to top executives; few bother with housing for the rank and file. Northrop Grumman is an exception; 77 employees at Northrop Grumman Shipbuilding closed on a first home or replaced one destroyed by Hurricane Katrina with a \$7,500 forgivable loan matched 3 to 1 by the state. Ms. Johnson, 23, got \$30,000 to help buy a 1,400-square-foot brick home that's a 20-minute drive from the Pascagoula (Miss.) shipyard. "It wouldn't be possible if it hadn't been for the program and staff," she says.

At Loyola, one must live near a specific Chicago mass transit line because of the university's "green initiative" to cut reliance on cars. Twenty employees, most earning less than \$70,000, have closed on homes since 2008. Milwaukee's Aurora Health Care, a 29,000-employee nonprofit with 14 hospitals in Wisconsin, partly wanted to stabilize iffy neighborhoods. It provides a \$3,000 forgivable loan to buy in the city. Some 400 employees, including dietitians and nursing assistants, have taken advantage. The Center for Housing Policy in Washington, an independent think tank, concluded in a 2008 study that Aurora's "modest investment" improved productivity and loyalty. It also sharply reduced turnover and, thus, recruitment and training costs. Besides creating long-term cost savings, the CHP study found that the Aurora employees who get housing assistance "are proving to be better-performing employees who choose to stay with the organization longer." Dwight Morgan, Aurora's human resources chief, faces the same cost-cutting pressures as everybody. "But this is a program we're unwilling to change."

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